

**WTO HIGH LEVEL SYMPOSIUM ON TRADE AND ENVIRONMENT  
MARCH 15-16, 1999**

**LINKAGES BETWEEN TRADE AND ENVIRONMENTAL POLICIES**

**STATEMENT OF THE UNITED STATES**

As we noted in our earlier intervention, in the WTO's Preamble, Members recognize that trade is not an end in itself and that sustained economic growth must be pursued in the broader context of sustainable development, which integrates economic, social and environmental policies. Moreover, the linkages between trade and environmental policies are multifaceted. Nevertheless, we believe that economic development and stronger protection of the environment go together. Experience has shown that greater attention to environmental concerns is directly correlated with better economic results at the national, industry and company levels.

The relationship between the trading system and environmental regulations is an issue of particular importance to environmental policymakers and regulators in our respective countries. Modern trade agreements, of course, apply to domestic health, safety, and environmental regulations in many ways. Also, we must recognize that regulatory choices often involve difficult judgement calls on complex matters as to which particular environmental policy tool is most appropriate in achieving a society's desired environmental policy objective. Not only the science but the analysis of different regulatory alternatives is complex. In the United States, this process of choosing a regulatory tool generally includes an extensive process of public participation and political accountability at the domestic level. In view of all of this, it is essential that WTO rules recognize and are fully consistent with the needs of regulators to take action to stringently protect health, safety and the environment. It is necessary to ensure that obligations under international trade agreements do not hamper, but rather are supportive of, the ability of governments, at central and sub-central level, to maintain and enforce high levels of domestic protection that they deem appropriate.

As President Clinton said at last May's WTO Ministerial Conference, "*International trade rules must permit sovereign nations to exercise their right to set protective standards for health and safety, the environment and biodiversity. Nations have a right to pursue these protections, even when they are stronger than international standards.*"

We note that WTO Agreements specifically recognize the sovereign rights of Members to determine the level of protection that their standards are designed to achieve. This is important and must be maintained. In order to adequately protect the health of our citizens, we must maintain our right to ensure that products that enter our country meet our requirements.

One agreement of particular importance to health, safety and environmental policy makers is the Agreement on Sanitary and Phytosanitary measures. Again, there are a number of provisions in this agreement that are particularly important to regulators. This includes the Agreement's provisions recognizing the rights of countries to maintain pre-approval requirements.

As a matter of U.S. law and practice, for example, certain products (e.g., pesticides) must be approved before they can be marketed. We have adopted this approach in recognition of the fact that pesticide residues on foods may pose risks to health or the environment. In order to obtain approval to sell or distribute a pesticide, pesticide producers must provide sufficient data to enable regulators to determine that there are no unreasonable adverse effects on public health or the environment.

It is also important that the SPS Agreement recognizes the right of countries to take provisional measures in cases where relevant scientific information is insufficient. This point is particularly important as policy makers often operate at the cutting edge of scientific information. To achieve our health, safety, and environmental objectives, it is a reality that we must be able to make decisions and take environmentally protective actions in the absence of full scientific certainty.

The need to fully address regulators' needs and concerns does not, of course, mean that we condone trade protectionist measures that are disguised as environmental measures -- indeed, such measures would have the effect of casting doubt upon, and even undermining, environmental as well as trade policy objectives.

Turning to the issue of the relationship between WTO rules and multilateral environmental agreements, or MEAs, our point of departure is that all WTO members are committed to multilateralism. As stated in the report of the CTE to the Singapore Ministerial Conference, *"WTO Agreements and multilateral environmental agreements (MEAs) are representative of efforts of the international community to pursue shared goals, and in the development of a mutually supportive relationship between them due respect must be afforded to both."* There can be no doubt that the relationship between the WTO and MEAs is a partnership of equals.

Clearly, it is important that MEAs be able to achieve their objectives, including through the use of trade measures, while at the same time being mindful of multilateral trade disciplines. To date there has never been any dispute concerning the provisions of an MEA. The past is not always a reliable predictor of the future. However, we believe that there is substantial flexibility under WTO rules to address environmental challenges through MEAs. Also, we believe that the possibility of conflict can be substantially reduced through policy coordination at the national level. Nevertheless, we must be sure that there is no doubt that we as WTO members support the efforts of environmental negotiators in cooperating to address environmental challenges of common interest.

Turning to ecolabeling, it is broadly recognized that ecolabels can be an important tool for engaging consumers in environmental protection. At the same time, from both an environmental and trade perspective, it is important that such measures not be misused as a hidden form of protectionism. We believe that the WTO rules provide sufficient flexibility to permit all forms of ecolabeling, including those involving criteria based on processes and production methods, subject to appropriate trade disciplines of the multilateral trading system,

including in particular transparency and non-discrimination. More generally, we think it is clear that the rules of the multilateral trading system can permit the application of innovative environmental policy tools.

One way of helping to ensure that ecolabels meet their environmental objectives in a way that is mutually supportive of trade objectives is to provide transparency in the design of ecolabeling programs, the selection of products to be covered by ecolabeling, the selection of criteria for receipt of an ecolabel and the design of any conformity assessment procedure. That means there should be full transparency with an opportunity for public input at each critical stage of the program's development.

The issue of measures based on processes and production methods (PPMs) has been an important and controversial issue on the trade and environment agenda. We would note that the Appellate Body report in the Shrimp/Turtle dispute belies the notion that such measures are *a priori* out of bounds under WTO rules. However, that report also makes clear that such measures must meet the rules of the trading system which guard against abuse. Without arguing the pros and cons of the specific measures at issue in the dispute, we wish to point out that the Appellate Body has helped shed important light on the application of WTO rules in this area.

Looking towards the future, we must look for innovative ways to ensure that WTO rules strike the right balance - - promoting free trade in a manner consistent with and supportive of high environmental standards. As we noted earlier, we believe that as we embark on the next round of WTO negotiations, it would be useful to provide a forum where WTO members can identify and discuss links between elements of the negotiating agenda and the environment. While negotiations on these issues would be the responsibility of the relevant negotiating groups, the proposed forum would help ensure that these links receive the attention that they deserve during the negotiations and help delegations to look at what they are negotiating from a broader perspective. We believe that the CTE could play this role. It has already shown its capability to take on work along these lines through its work in analyzing the potential environmental benefits of trade liberalization in various sectors.

The idea would be for the CTE to look systematically and transparently at all the various areas of negotiation on a rolling basis. After an initial run through of all the areas under negotiation, the CTE would continue to look at all of the issues so that the work of the CTE could evolve as the negotiations evolve. The CTE would identify and discuss issues, but not try to reach conclusions or negotiate these issues in the CTE itself. Rather, it would provide a report of its discussions to Members and the relevant negotiating groups. We would expect that the CTE's work would play a valuable role in providing input to deliberations at the national level on positions to be taken in the actual negotiating groups. Of course, we would have to be absolutely clear that the CTE's role in identifying issues would not detract from, or interfere with, in any way the responsibilities of negotiating groups for addressing issues that are raised by Members on these or any other issues.